Performance Audit Report

State Workforce Planning

Formal Comprehensive Workforce Planning Has Not Been Conducted
by State Oversight Agencies or by Many Individual State Agencies

January 2005

January 5, 2005

Senator Nathaniel J. McFadden, Co-Chair, Joint Audit Committee
Delegate Charles E. Barkley, Vice-Chair, Joint Audit Committee
Members of Joint Audit Committee
Annapolis, Maryland

Ladies and Gentlemen:

We conducted a performance audit to assess the status of the State's workforce planning efforts. The primary purpose of this audit was to determine if agencies have identified and planned for workforce needs. We also identified best practices to aid the State and individual agencies in making future workforce decisions. We conducted this audit in response to a request made in April 2004 by the Chairmen of the Senate Budget and Taxation Committee and House Committee on Appropriations.

Our audit disclosed that, generally, the State has not engaged in formal workforce planning to address workforce needs. Workforce planning is necessary to ensure that State agencies employ competent and skilled workforces in order to accomplish their missions and serve the citizens of Maryland. Accordingly, the State has no assurance that its workforce is appropriate to meet the existing skills and competencies needed by the State. Workforce planning has drawn increased attention nationwide due to the expected increase in retirees from the aging "Baby Boomer" generation, with almost 30 percent of workforces in some states already reaching retirement age. While it appears that Maryland State government, overall, is not currently experiencing as significant a worker shortage as other states, employment records indicate that, as of June 30, 2004, 12 percent of the State government's workforce was eligible for immediate retirement. Beyond that time, the State could be facing a severe worker shortage since, within 5 and 10 years respectively, 28 percent and 45 percent of the workforce will be eligible for retirement.

We noted a general lack of formal comprehensive workforce planning by the State agencies reviewed, including the Department of Budget and Management (DBM), which has personnel oversight responsibilities for the majority of the State

workforce. Although DBM initiated a workforce planning taskforce in August 2003, it has not yet issued any policy or guidance. DBM management informed us that it is awaiting the completion of the Governor's Strategic Budgeting Initiative, performed in conjunction with the fiscal year 2006 budget preparation, before issuing any workforce planning guidance.

The State should begin to develop formal workforce planning policy and guidelines to prepare for the eventuality of critical employee retirements and related succession issues. This lack of planning runs counter to the best practices we identified as developed by other states, the federal government, and related organizations.

An executive summary can be found on page 5 of the report. Our audit scope, objectives, and methodology are explained on page 11.

We wish to acknowledge the cooperation extended to us during our audit by DBM and the agencies selected for review.

Respectfully submitted,

Bruce A. Myers, CPA
Legislative Auditor

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Executive Summary

Background

We conducted a performance audit to assess the extent to which State agencies are identifying and addressing their workforce needs. We also were tasked with identifying best practices that can be used by State agencies to implement workforce planning and to prepare for anticipated future worker shortages. The majority of State employees are under personnel systems administered by the Department of Budget and Management (DBM), the Maryland Department of Transportation (MDOT), or the University System of Maryland (USM). This audit was conducted in response to a request made in April 2004 by the Chairmen of the Senate Budget and Taxation Committee and the House Committee on Appropriations.

Conclusions

Our audit revealed that little formal analysis had been performed to identify Maryland government's workforce needs and that neither a formal statewide workforce planning guide nor best practices had been developed or implemented. Our research indicated that a significant body of guidance regarding workforce planning practices exists in both the governmental and private sectors. Specifically, numerous private and public studies have been conducted on workforce planning, resulting in the issuance of generally consistent recommendations and guidelines. Among the studies are a number conducted by the U.S. Government Accountability Office (GAO), which advocate principles of successful workforce planning and address deficiencies found in individual federal agencies.

We also noted that DBM formed a multi-agency workforce planning taskforce in August 2003 to address this issue but, as of the end of our audit field work (November 12, 2004), its findings and recommendations had not been issued. We were advised by DBM management that the results are pending completion of the Governor's Strategic Budgeting Initiative, in which Executive Department agencies are to identify and prioritize their respective missions and programs. As addressed later in this report, such a strategic analysis (or setting of strategic direction), when properly conducted, is a necessary critical component of any successful workforce planning.

Based on records maintained by DBM, MDOT, and the Maryland State Retirement and Pension Systems, statistics indicate that, as of June 30, 2004, given no change in the State's workforce, 12 percent of the approximately 80,000

employees in State service could retire with full benefits. In another 5 years, retirement-eligible employees, as a percent of the workforce, will grow to 28 percent and, after 10 years, this will increase to 45 percent. Clearly, now is the time to begin planning for the eventual worker shortage, before it becomes critical and disruptive to service delivery. Furthermore, workforce planning will provide the State with critical information to determine if its current workforce is appropriate to meet existing needs of the State (that is, the right staff in the right places).

Fortunately, these statistics indicate that, overall, Maryland State government has not yet reached a crisis mode regarding workforce issues, and appears to be in a better position than other states. A Council of State Government October 2002 report, entitled *State Employee Worker Shortage – the Impending Crisis,* noted that, of the 40 states responding to a survey, approximately 21 percent of those states' workforces were eligible for retirement at that time. Furthermore, the report noted that five states could immediately lose more than 30 percent of their total workforces to retirements.

Best Practices

The federal government, a number of states, and many private organizations have issued formal guidelines and policies on workforce planning. For example, the U.S. Office of Personnel Management (OPM), the U.S. Government Accountability Office (GAO), and the states of Minnesota, Washington, Virginia, and Texas, to name a few, have developed comprehensive workforce planning guides. Also of particular note is Georgia which codified workforce planning requirements and annual reporting in state law. Exhibit F in this report contains a list of links to useful and pertinent reference materials for readers who desire detailed information on these various reports and guides.

These published workforce planning guidelines and policies all contain similar components. On the next page is a model of workforce planning issued by OPM that is used by federal agencies (including GAO), and that has also generally been adopted by a number of states. We are suggesting the State adopt this model (either in whole or in a slightly modified form), which appears to represent accepted best practices for workforce planning.

Federal Workforce Planning Model

SET STRATEGIC DIRECTION

MONITOR, EVALUATE & REVISE

SUPPLY, DEMAND & DISCREPANCIES

IMPLEMENT ACTION PLAN

DEVELOP ACTION PLAN
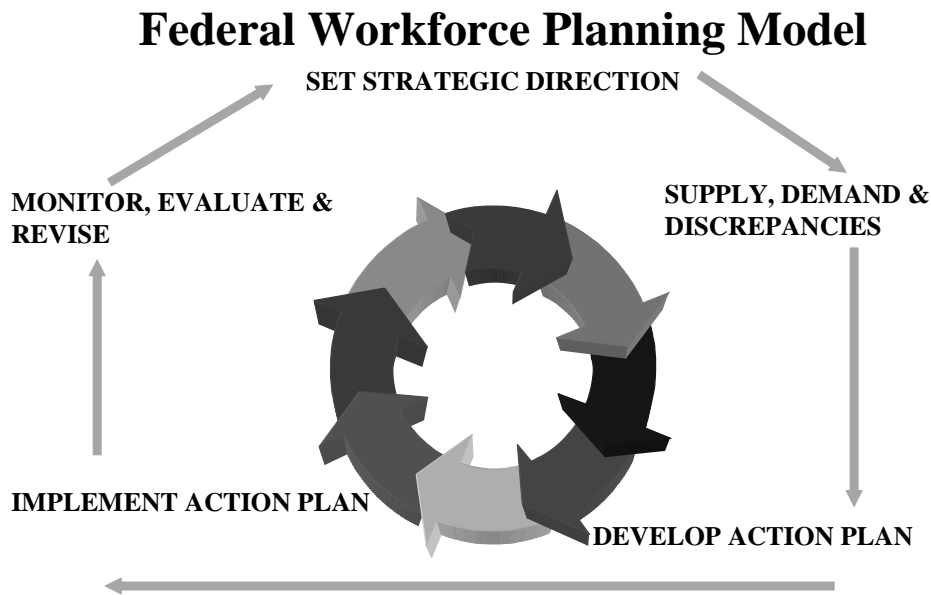
Source: U.S. Office of Personnel Management (OPM)

Figure 1. *This federal workforce model, which is used by federal agencies and a number of states, represents accepted best practices.*

The federal workforce model is explained in detail in the Findings and Recommendations section of this audit report, beginning on page 21. In simpler terms, the model presents a continual five-step process:

1. Setting strategic direction, which identifies the mission, goals and objectives of the agency and the workforce necessary to achieve them
2. Analyzing the existing workforce competencies and skills, and identifying skill gaps between future needs and current resources by conducting a workforce analysis
3. Developing an action plan to ensure future workforce needs are met
4. Implementing the action plan
5. Performing continual monitoring, evaluation, and revision to the workforce plan to gauge its success and ensure future relevancy

In addition to the federal workforce planning model, GAO has issued numerous reports regarding workforce planning. GAO determined that (strategic) workforce planning aligns "an organization's human capital program with its current and

emerging mission and programmatic goals" and develops "long-term strategies for acquiring, developing and retaining staff to achieve programmatic goals."[1]

GAO has also noted that a "one size fits all" approach to human capital management may not be appropriate to address all of the challenges that government faces. However, a global framework should exist to guide reforms. One of the benefits of such a framework would be to help ensure that there is a level playing field among agencies.[2] Although the GAO report applied these concepts to federal government agencies, the concept would be valid in the State as well, given that there are three distinct Executive branch personnel systems (DBM, MDOT and USM) competing for the same pool of talent.

One of the key precepts of workforce planning is having the necessary number of qualified and competent employees performing the appropriate job functions that contribute to each organization's key mission and goals. Workforce planning, therefore, is linked to the broader concept of strategic planning, thus explaining the common use of the expanded term "strategic workforce planning." An example of this is the GAO's observation that the Department of Defense (DOD), since the end of the Cold War, has undergone substantial changes, brought about by downsizing, outsourcing, and its changing mission. GAO also observed that, from 1989 to 2002, DOD's civilian workforce shrank by 38 percent; but DOD performed this downsizing without proactively shaping the civilian workforce to ensure that it had the necessary skills and competencies to accomplish its future mission.[3] This might be similar to reducing an agency's workforce or implementing budget reductions by eliminating vacant positions which, while having the benefit of shielding current employees, does not necessarily ensure a linkage between the remaining workforce's skill set and the agency's future mission and goals.

State Agency Actions
As of the end of our audit fieldwork (November 12, 2004), very little formal action had been taken by the State agencies we reviewed to address workforce planning, including identifying workforce staffing needs. We reviewed the efforts of 10 agencies and found that, generally, any actions evident were only those of the beginning process. For example, in August 2003, DBM formed a multi-agency taskforce to develop workforce planning guidance for State agencies, but no formal findings or recommendations have been forthcoming. We also found minimal evidence of individual agencies taking isolated actions to develop and implement workforce planning processes.

Although retirement eligibility data indicate that workforce planning may not yet be critical for the State—since only 12 percent of its workforce was eligible for retirement as of June 30, 2004—some State agencies are facing more immediate potential worker shortages (see State employee demographic information in Exhibit B). In addition, workforce planning will provide the State with a mechanism to determine if current staff meets the needs of the State.

We also found that, overall, the future immediate risk for workers at the University System of Maryland (USM) does not appear be as high as for State government in general. This appears to relate to the more fluid nature of higher education employment, in which separate retirement plans (for example, TIAA/CREF) intended for member movement between schools, are in place. Current employee demographics indicate that executive and professional staff at USM have fewer years of service when compared with the State as a whole, which would seem to support the contention that the staff is more transient than at other State agencies. Nevertheless, this should not exempt USM from establishing and instituting a formal workforce planning process.

Accordingly, we can only conclude that the State has not yet taken adequate action to ensure that the workforce is adequate to address both the current and future needs of the State.

Recommendation

To help ensure that State agencies employ competent and skilled workforces to accomplish their missions and to serve the citizens of Maryland, we recommend that the State develop and implement a formal workforce planning process.

Audit Scope, Objectives, and Methodology

Scope
We conducted a performance audit to determine the extent to which State agencies are identifying and addressing their workforce needs. This audit was conducted in response to a request made in April 2004 from the Chairmen of the Senate Budget and Taxation Committee and the House Committee on Appropriations. We conducted the audit under the authority of the State Government Article, Section 2-1221 of the Annotated Code of Maryland, and performed it in accordance with generally accepted government auditing standards.

Objectives
We had two specific audit objectives:

1. To develop a list of best practices to aid the State and individual agencies in making better workforce decisions

2. To determine the efforts taken by the Department of Budget and Management (DBM) and by other State agencies with independent personnel systems to identify and plan for the State's workforce needs and competencies

Our audit objectives did not include an assessment of the specific causes affecting any current or future position vacancies. We also did not identify the specific corrective actions that agencies should take to address potential workforce shortages, as the best practices we identified were more broad in nature. Finally, the audit included only those agencies under the Executive branch of State government whose personnel authority is overseen by one of three agencies: DBM, the Maryland Department of Transportation (MDOT), or the University System of Maryland (USM). The employees under these personnel systems represent the vast majority of State employees.

Methodology
To accomplish our objectives, we reviewed applicable State laws and regulations, as well as policies and procedures established by DBM and selected State agencies, which included agencies under personnel systems maintained and overseen by MDOT and USM. We also interviewed personnel responsible for employee hiring and human resources at DBM and at these selected agencies. We reviewed actions taken and guidance provided by the oversight agencies

applicable to these agencies. We obtained electronic files of employment records from DBM, MDOT, USM, and the Maryland State Retirement and Pension Systems and, after determining that the data was reliable, performed automated analyses of this data. In addition, certain data provided in this report for background and informational purposes were deemed reasonable, but were not independently verified by us.

Since the audit objectives included the identification of best practices, we conducted research and reviewed a number of relevant national reports and publications, as well as workforce planning guidelines and regulations of other states. Our research primarily covered the public sector. Among the reports, studies, and guidelines we reviewed were those issued by the United States Office of Personnel Management (OPM) and Government Accountability Office (GAO), as well as the International Public Management Association for Human Resources.

Agency Selection Process
In addition to conducting a review of DBM for statewide issues and policies, we judgmentally selected other State agencies for review based on the existence of one or more of the following criteria: (1) an independent personnel system, (2) a large number of employees, and/or (3) potentially significant workforce issues in the near future. The following 10 agencies were selected for review and, collectively accounted for 53 percent of the State's workforce as of June 30, 2004:

- State Department of Assessments and Taxation (DAT)
- Department of Health and Mental Hygiene (DHMH)
- Department of Human Resources (DHR)
- Department of Public Safety and Correctional Services (DPSCS)
- Maryland Department of Transportation—
    o Office of the Secretary (MDOT – O/S)
    o Motor Vehicle Administration (MVA)
    o State Highway Administration (SHA)
- University System of Maryland—
    o System Administration (USM)
    o College Park Campus (USM – CP)
    o Towson University (USM – TU)

Fieldwork and Agency Responses

We conducted our fieldwork from May 2004 to November 2004. Written responses for the applicable recommendations in our audit report were obtained from DBM, MDOT, and USM, and appear in the appendix. Written responses were not requested from the remaining agencies because the report does not make specific recommendations to them. Nevertheless, as appropriate, we discussed the findings with those agencies during the course of our fieldwork, and they generally agreed with our findings. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise DBM, MDOT, and USM regarding the results of our review of their written responses.

Background Information

General Comments

Workforce planning—the process of identifying current and future workforce needs—has become a significant concern, both nationally and for a number of states. To understand the emerging importance of this issue, one has only to review U.S. Census figures. Specifically, U.S. Census data showed that, nationally, there are 84 million Americans born between 1946 and 1964 ("Baby Boomers"), but only 57 million born between 1965 and 1980 ("Generation X"). The oldest "Baby Boomers" will reach the national retirement age of 62 in 2008. The gap between the two groups is the concern that is driving workforce planning: How will employers find employees to replace retiring workers and fill their future ranks?

This gap is important to the State since their employees generally receive lower salaries than employees performing comparable jobs in the surrounding local governments and in the private sector. Also, government employees usually are eligible for retirement at a relatively young age. For example, government employees can often retire with full benefits after 30 years of service. This gap between "Baby Boomers" and "Generation X" could significantly impact the State since, as of June 30, 2004, 71 percent of the State government's workforce are "Baby Boomers" or older.

Current State Employee Workforce by Generation

- ▤ WWII and Earlier (born before 1946)
- ▦ Baby Boomers (born between 1946 and 1964)
- ■ Generation X (born between 1965 and 1980)
- □ Generation Y (born after 1981)
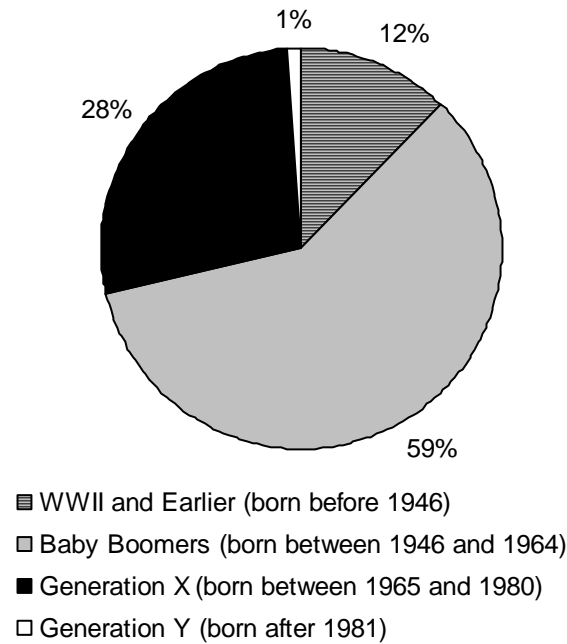
Source: Automated Agency Employment Records

Figure 2. *As of June 30, 2004, 71 percent of Maryland State government's workforce are "Baby Boomers" or older.*

Independent studies and our own research indicate that the State often lags behind the private and local governments in salaries, which is critical to attracting new employees and retaining qualified existing workers. For example, the most recent Local Government Personnel Association (LGPA) salary study showed that State salaries often lagged behind those paid by counties in the Baltimore – Washington metropolitan area. Excerpts from that survey are shown below, and a more complete listing is included in Exhibit C. Exhibit D compares the cost-of-living increases received by State employees with those received by the federal government and the Baltimore – Washington area subdivisions for 1997 through 2004.

Excerpts: Local Government Personnel Association Salary Study

Journey Level Social Worker	2002/2003 Average Annual Salary
Howard County	$55,383
Prince Georges County	$51,711
Montgomery County	$48,430
Baltimore City	$48,288
State Government	$45,046

Real Estate Appraiser / Assessor	2002/2003 Average Annual Salary
Montgomery County	$73,661
Howard County	$59,495
Baltimore City	$57,700
Baltimore County	$49,873
State government	$38,886

Note:
The average salary figures could be materially impacted by any actions taken since the information was obtained (such as the State's annual salary review process).

Source: Local Government Personnel Association 2002 / 2003 Benchmark Salary Survey

Figure 3. *These two examples illustrate how State salaries often lag behind those paid by counties in the Baltimore – Washington metropolitan area.*

Anecdotal evidence suggests that similar differences exist between federal and State salaries for comparable positions. Accordingly, based on Maryland's proximity to Washington, D.C. and the large federal workforce of approximately 300,000 workers, when the State's workforce shortage does occur, present circumstances suggest that the State will face difficult competition for qualified employees from a decreasing pool of potential workers.

State Employee Demographics
Although the State may be at a competitive disadvantage in hiring and retaining a qualified workforce, the present age and experience of the State workforce does not suggest that this is an immediate concern. However, if present trends continue, workforce issues may become critical. According to State personnel

records, as of June 30, 2004, the average State employee is 45.5 years old, and has worked for the State for approximately 12 years; see Figure 4 below.

Employee Statistics By Personnel Authority June 30, 2004				
Personnel Authority	Number of Employees	Percent of Total Workforce	Average Age	Average Years of Service
DBM	46,866	59.3	45.2	12.4
MDOT	10,293	13.0	45.8	14.3
Judiciary	3,150	4.0	44.4	10.6
USM	18,738	23.7	46.2	10.1
Totals	**79,047**	**100.0**	**45.5**	**12.1**

Source: Automated employee records maintained by DBM, MDOT, and USM

Figure 4. *As of June 30, 2004, the average State employee is 45.5 years old, and has worked for the State for approximately 12 years.*

Based on normal retirement options ranging from 20 to 30 years (depending on job classification and retirement system), it is apparent that, within the next several years, State government could be facing a wave of retirements creating a workforce shortage. State records indicate that, of the approximately 80,000 employees in State service as of June 30, 2004,

- 12 percent can retire now,
- 28 percent can retire within 5 years, and
- 45 percent can retire within 10 years.

Figure 5 on the following page reflects the potential retirement status for State agencies with 1,000 or more employees. This same information, for all State agencies, is included as part of Exhibit B. Given the above statistics, it appears that Maryland does have some time to prepare and implement a plan to adequately address workforce planning.

State Employees Eligible for Current Retirement, and Within Five and Ten Years							
		Eligible to Retire June 2004		Eligible to Retire June 2009		Eligible to Retire June 2014	
Agency	Total Number of Employees	Number	Percent	Number	Percent	Number	Percent
Public Safety and Correctional Services	10,501	1,236	11.8	3,018	28.7	5,030	48.0
Health and Mental Hygiene	10,207	1,190	11.7	3,041	29.8	4,899	48.0
USM - College Park	7,064	746	10.6	1,643	23.3	2,704	38.3
Human Resources	6,819	864	12.7	2,030	29.8	3,237	47.5
USM - Baltimore	3,952	356	9.0	844	21.4	1,434	36.3
Judiciary	3,150	343	10.9	790	25.1	1,267	40.2
MD Transit Administration	3,118	413	13.2	816	26.2	1,326	42.5
State Highway Administration	3,070	521	17.0	1,080	35.2	1,592	51.9
State Police	2,332	228	9.8	663	28.4	1,203	51.6
USM - Baltimore County	1,716	174	10.1	349	20.3	606	35.3
Juvenile Services	1,700	165	9.7	390	22.9	639	37.6
Motor Vehicle Administration	1,567	220	14.0	488	31.1	740	47.2
Labor, Licensing and Regulation	1,538	264	17.2	668	43.4	911	59.2
USM - Towson University	1,495	202	13.5	436	29.2	713	47.7
MD Transportation Authority	1,420	138	9.7	368	25.9	580	40.8
Natural Resources	1,330	169	12.7	432	32.5	692	52.0
Education	1,301	192	14.8	443	34.1	691	53.1
Comptroller	1,040	174	16.7	410	39.4	612	58.8
Other (under 1,000 employees)	15,727	1,991	12.7	4,422	28.2	6,966	44.3
Total	**79,047**	**9,586**	**12.1**	**22,331**	**28.3**	**35,842**	**45.3**

Source: DBM, MDOT and USM automated employee records

Figure 5. *As of June 30, 2004, 12 percent of the State's workforce can retire, 28 percent can retire in 5 years, and 45 percent can retire in 10 years.*

DBM Workforce Planning Taskforce

In August 2003, DBM - Office of Personnel Services and Benefits (OPSB), which has oversight responsibility for the majority of State employees, established a multi-agency taskforce to research and develop strategies to address the State government's workforce needs. Members of the taskforce represented the following agencies:

- Comptroller of the Treasury
- State Treasurer's Office
- Department of the State Police

- MDOT – Office of the Secretary
- Department of Public Safety and Correctional Services
- Department of Human Resources

- DBM
- Department of Agriculture
- Department of Labor, Licensing and Regulation

- Maryland Automobile Insurance Fund
- Department of Health and Mental Hygiene

The purpose of the taskforce was to conduct a best practices review of formal workforce planning programs in federal, states and local governments and to recommend a model for Maryland State government agencies including MDOT. We were advised that the taskforce has developed general recommendations for models appropriate for the State but, as of November 12, 2004, it had not issued any formal guidance to State agencies. According to OPSB, DBM will not issue any formal guidance until the completion of the Governor's Strategic Budgeting Initiative (see additional comments under the Findings and Recommendations section of this report).

Findings and Recommendations

Workforce Planning Best Practices and State Agency Implementation

Conclusion

Agencies responsible for oversight of personnel within the State have generally not addressed workforce planning issues. The Department of Budget and Management (DBM) and the Maryland Department of Transportation's Office of the Secretary (MDOT—O/S) are responsible for overseeing independent personnel systems; however, these agencies are only in the beginning stages of workforce planning. Specifically, although DBM has established a Workforce Planning Taskforce, it has yet to issue any specific guidance or instructions to State agencies. As a result, we believe that the State has not yet adequately addressed the future workforce needs of the State.

Best Practices stipulate a step-by-step process for organizations to follow in order to implement workforce planning. If an entity has not completed Best Practice 1 then it likely will not have started implementing the remaining Best Practices. We found this to be the case with the State's implementation of workforce planning. While many of the agencies we visited throughout the course of the audit acknowledged the concepts of workforce planning and had begun addressing it, none had completed Best Practice 1 (setting strategic direction). As a result, and considering the lack of formal guidance, agencies reviewed had not completed any of the remaining Best Practices.

While our audit scope included the University System of Maryland (USM), USM appears to have organizational and employee characteristics that are unique when compared with other State agencies. These characteristics include a more transient workforce (most of which do not participate in the State's Retirement System), an autonomous personnel system with separate pay schedules, and decentralized personnel authority at each institution. Furthermore, our statistics indicate that USM's workforce generally has less experience than the State as a whole (10.1 years versus 12.1 years for the State), and administrative and professional staff at USM have worked in their jobs, on average, approximately 4 years less than their counterparts in other State agencies. Therefore, USM may not currently face the same challenges as other State agencies in recruiting and retaining a competent workforce. While USM may not face as potentially critical a worker shortage as other State agencies, we believe that USM, like any other State agency, should use these best practices to ensure that it can address workforce needs.

Recommendation
To help ensure that the State agencies have the proper workforces to meet their needs, we recommend that DBM and other agencies with independent personnel authority adopt and use the following best practices to develop and implement workforce planning.

Best Practice 1
Set strategic direction

Setting the strategic direction is the process of developing a model of an agency's long term success, and includes the following steps:

- Organizing and mobilizing strategic partners
- Setting vision, mission, values and objectives
- Reviewing organizational structure
- Business process reengineering
- Setting measures for organizational performance
- Placing human resources professionals as an active partner in strategic planning[4]

Successful workforce planning must include communication with all critical players within an organization. Communication, through the use of surveys, focus groups, and interviews, helps to ensure that all participants are kept informed of moves and changes within the entity. This communication must include external customers. The entity's visions, mission, values, and objectives must be communicated to both internal and external groups. These statements provide the direction to the strategic plan.[5]

Once an entity establishes this direction, it needs to review its entire organizational structure. This includes reviewing demographic information of the present workforce and allows the entity to determine if the current workload matches present resources.[6]

Business process reengineering identifies an organization's core business processes for the purpose of providing dramatic improvements in critical performance measures including cost, quality, service, and speed. Although reengineering may look at specific tasks, it should focus on processes as a whole in effort to achieve the greatest benefit. Measures need to be developed that effectively gauge the success. Finally, an entity must include human resources

staff in implementing any strategic direction to help ensure that the workforce will meet the stated direction and to assist in developing programs related to recruitment, retention, and other workforce issues.[7]

Actions Taken by Oversight Agencies

The State has taken several actions to address its strategic direction. Specifically, the Executive branch has instituted a Managing for Results (MFR) process and, more recently, a Strategic Budgeting Initiative.

The State implemented MFR in July 1997. MFR is a strategic planning, performance measurement, and budgeting process. Agencies were required to develop missions, visions, goals, objectives, and relevant performance measures in a future-oriented process that emphasized the use of resources to achieve meaningful results. The MFR process was codified into State law by Chapter 452, Laws of Maryland 2004.

For fiscal year 2006 budgeting, the Executive Department directed all State agencies to identify priorities and to scrutinize programs in effort to align agencies' investments with the Governor's and the State's priorities. This Strategic Budgeting Initiative was introduced, at least partially, in response to the State's continuing budget deficits. The Governor identified five specific Statewide goals and required each agency to critically review each program, mission statement, and outcome in the context of these goals. Although the guidance provided to agencies required each agency to analyze staffing to determine the necessity of current staffing levels and various ratios and trends, it did not require agencies to review staffing resources and demographics for the purpose of determining if such staffing will meet the needs of the agency in performing its mission in the future.

We also noted that, in August 2003, DBM established a Workforce Planning Taskforce that included representatives from a number of State agencies, including MDOT. However, the Taskforce has not issued any formal guidance or report pending completion of the Strategic Budgeting Initiative.

We also noted that MDOT–O/S has established its own Workforce Planning Committee and has taken certain steps (such as analyzing the salary structure and reviewing vacancies and the reasons employees leave). However, MDOT—O/S has not prepared any formal workforce plan and has informed us that they are waiting to use any guidance developed by DBM.

Actions Taken by Individual State Agencies

All Executive branch agencies were required to implement MFR and submit annual documentation to DBM. We noted, in a previously-issued audit report, that all required agencies submitted the required MFR documentation to DBM for fiscal years 2003 and 2004 (see the audit report on Department of Budget and Management – Managing for Results Initiative, dated January 13, 2004). Since agencies are still in the process of preparing documentation required by the Strategic Budgeting Initiative, we were unable to determine the Initiative's impact on workforce planning.

Three of the agencies reviewed during this audit (DHR, MVA, and SHA) had specifically identified succession planning as a current issue and had taken certain steps to address the issue (such as establishing long-term career oriented management training programs).

Best Practice 2
Analyze workforce, identify skill gaps, and conduct workforce analysis

Analyzing the current workforce allows the entity to compare its workforce needs against the currently available skills. An entity accomplishes this by first determining a profile of future workforce staffing levels and competencies that will be required to meet the future needs determined by the strategic direction (demand). This future workforce profile can come from a number of sources including federal labor statistics, agency strategic plans, and workload data. The entity then determines its present workforce profile and projects that profile without considering new hires (supply). Supply characteristics can be obtained from existing staff demographics, personnel data, and various tools provided by organizations such as the federal government.[8]

Based on this information, the organization prepares an analysis that identifies the gaps between the supply of and demand for human capital. This "gap analysis" identifies situations in which the human capital needs for critical work, the number of personnel, and/or the current and future competencies exceed the current workforce supply, as well as situations in which existing skill sets may no longer be needed.[9]

Actions Taken by Oversight Agencies

In documentation prepared by DBM—OPSB, based on the work of the Workforce Planning Taskforce, we noted that OPSB has identified several different mechanisms for agencies to use to determine current and future workforce needs.

However, as previously noted, this guidance has not been formally adopted by DBM or disseminated to agencies. We did note that MDOT – O/S had identified specific positions where current staffing gaps existed and the potential causes for these gaps; however, this process was not comprehensive since it did not address future needs.

Actions Taken by Individual State Agencies

None of the six agencies reviewed (DAT, DHMH, DHR, DPSCS, MVA and SHA) had prepared a formal analysis of current and future workforce needs for the purpose of identifying staffing and resource gaps.

Best Practice 3 **Develop action plan**

Once the entity has developed its strategic direction and identified the gaps (and surpluses) between existing and future workforce needs, it should design an action plan to address them. The purpose of the action plan is to ensure that the entity addresses its most critical gaps so that human capital can support the entity's strategy.[10]

The action plan must be clear in what it proposes to accomplish and must set up specific actions and projects to address skill gaps. It should enumerate the goals by which these actions and projects will be measured and how the plan will be communicated to internal and external stakeholders. Communication of the plan to both existing management and staff, and to other partners ensures that all parties see how the plan benefits the future direction of the organization and allows existing staff to buy into the process.[11]

The action plan allows the entity to identify, address, and develop existing and new methods to recruit, retain, and train new and existing staff. Factors that influence these methods include available time, resources, internal staff depth and competencies, workforce dynamics, and existing job structures. Examples of methods that may be used to recruit, retain, and train staff include job class modifications, compensation flexibility, succession planning, specialized or customized training, and productivity techniques. Exhibit F contains examples of practices used by organizations to address workforce gaps.[12]

Actions Taken by Oversight Agencies

While DBM had not developed any specific actions designed to address human capital gaps, it has taken actions to address specific current staffing issues. These actions are addressed in the "Other Workforce Issues" section of this report. In addition, while MDOT – O/S has identified gaps in needed skills and competencies (such as plumbers and electricians), and has observed that it has few qualified applicants, it has not yet developed a plan to address these gaps over the long-term.

Actions Taken by Individual State Agencies

None of the six agencies reviewed had developed a formal workforce plan.

Best Practice 4
Implement the action plan

Implementation of the action plan consists of translating the action plan into an actual schedule of events that includes well-defined objectives, measurable workforce goals, milestones, and a timetable for completion. Successful implementation can be enhanced by ensuring that the following occur:

- Organizational buy-in and support exist.
- Necessary resources (both human and financial) have been allocated to carry out the identified approaches.
- Roles and responsibilities have been clearly identified, including areas where coordination of multiple units is required.
- Timelines and performance measures are established.
- The plan and all of its elements have been communicated to stakeholders.[13]

The organization should implement the action plan in connection with the requirements of the entity's strategic plan; the commitment of top management is vital. Successful implementation also requires that the organization recognize that change is considered and properly managed.[14]

Actions Taken by Oversight Agencies

Neither of the two oversight agencies had taken any actions specifically designed to address workforce issues and gaps identified as part of workforce planning. As previously stated in Best Practice 3, DBM has taken certain steps to address current workforce needs as discussed in greater detail under the "Other Workforce Issues" section of this report.

Actions Taken by Individual State Agencies
None of the six agencies reviewed had implemented any actions specific to workforce planning.

Best Practice 5
Monitor, evaluate, and revise the workforce plan

Evaluation and modifications are implicit in any plan. If an organization does not engage in a standard review process, it runs the risk of not responding to changes that can occur from both internal plan efforts and external forces not considered when the plan was developed.[15]

The action plan includes performance measures so that the organization can determine if their efforts have the intended consequences. A number of tools exist to measure the performance including return on investment calculations, employee focus groups and surveys, and retention and turnover statistics.[16]

Armed with monitoring data, the entity needs to evaluate whether the actions in the plan should be continued, rejected, or modified. A number of factors must be considered, including whether the identified gaps still exist, if the entity is developing the skills it needs quickly enough to address the gaps, whether performance has increased, and whether new imbalances in workforce supply and demand have occurred or been created.[17]

Since a workforce plan is essentially always a work in progress, monitoring and evaluation information should be used to revise the plan. The dynamic nature of an entity will also continually create the need for plan revisions. Successful plan activities must be repeated and adjusted to continue to meet the needs of the organization.[18]

Actions Taken by Oversight Agencies
Since the oversight agencies have not yet developed or implemented formal workforce plans, no action could be taken to monitor, evaluate, and revise such plans.

Actions Taken by Individual State Agencies
Since the individual State agencies have not yet developed or implemented formal workforce plans, no action could be taken to monitor, evaluate, and revise such plans.

Other Workforce Issues

Current Workforce Actions

Although personnel oversight agencies have not generally taken a comprehensive approach toward implementing workforce planning (which by its nature addresses workforce needs), certain initiatives and actions have been implemented to address existing staffing needs. These actions include the Annual Salary Review (ASR) performed by DBM, the establishment of bonus programs designed to attract new employees, and modifications to specific agency hiring requirements and retention practices.

The ASR is a formal process used to evaluate the existing State salary structure for certain positions and to make recommendations regarding increases in that salary structure for specific positions. DBM recommended salary increases for certain positions for fiscal years 2001, 2002, and 2005 which were implemented. Budget constraints negatively impacted the State's ability to implement general salary adjustments for fiscal years 2004 and 2005. Even with the ASR, salary studies indicate that the State's pay scale generally lags behind that of surrounding governments (see Exhibit C). Furthermore, cost-of-living salary adjustments provided to State employees generally have been below that of the federal government and surrounding county governments (see Exhibit D).

Over the past several years, DBM has authorized State agencies to pay hiring bonuses for various positions determined to be in critical current need to the State. We noted that the State provided no additional funding for these bonuses; agencies were to fund bonuses from existing budgetary resources. Positions eligible for bonuses included information technology, nursing, and social work, however, the State no longer pays hiring bonuses for information technology staff.

In addition, many agencies implemented various internal training and retention tools (teleworking, for example) to use both in recruiting new staff and in retaining existing staff. See Exhibit E for a listing of these programs for the agencies included in our review.

Issue 1
DBM has not monitored or evaluated actions previously taken to address workforce issues.

Analysis
While DBM had taken certain actions to address current staffing needs of the State, it did not formally monitor and evaluate the effectiveness of these actions. For example, although DBM authorized the payment of hiring bonuses to attract certain types of employees (such as information technology personnel), it did not establish either performance measures or benchmarks to determine if the bonus programs had the desired impact. In addition, although a number of State agencies have developed internal programs to assist in staff recruitment and retention, neither DBM nor the agencies developed mechanisms to measure the effectiveness of such actions.

As noted under the "Best Practices" section of this report, an entity must establish performance measures so that the entity can determine if the efforts have the intended results. Only when the entity considers the results of actions taken can it make proper decisions to continue, revise, or discontinue these actions.

Recommendation
We recommend that the State develop and use performance measures to determine the effectiveness of actions taken to address workforce needs. We also recommend that the State use the results of these measurements to implement, revise, or discontinue the actions taken to address workforce issues.

Issue 2
State agencies did not formally consider workforce planning needs when abolishing positions.

Analysis
The State did not formally consider workforce planning when selecting positions for abolishment under cost containment policies. Specifically, to reduce State expenditures, the Board of Public Works approved abolishing a total of 2,507 positions in fiscal years 2004 and 2005. Agencies were given general guidance on certain categories of positions to abolish; however, the actual selection of the specific positions to abolish was primarily controlled by each agency and none of the agencies we contacted during the audit could document how these positions

were selected. We were informed that specific positions abolished were primarily identified based on vacancies (that is, no employee currently held the position). In fact, of the 2,507 positions abolished, 2,381 were vacant (that is, approximately 95 percent) at the time of abolishment. DBM advised us that many of these positions were already vacant due to an existing hiring freeze that informally required agencies to identify less critical positions that could remain unfilled.

One of the main goals of workforce planning is to ensure that the State has a skilled and competent workforce to meet future needs. Abolishing positions because they are vacant, rather than considering each position's importance in accomplishing an agency's goals and mission, does not help ensure that the State can meet its future workforce needs. Workforce planning Best Practices state that downsizing requires an entity to consider workforce planning to ensure that the remaining workforce will have the necessary skills and competencies required to accomplish its mission.

Recommendation
We recommend that, in the future, the State formally consider workforce planning as part of determining positions to be abolished.

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[1] U.S. General Accounting Office, Report to Congressional Requestors; *Human Capital – Key Principles for Effective Strategic Workforce Planning,(* December 2003), 2.

[2] U.S. Government Accountability Office, *Human Capital: Principles, Criteria, and Processes for Governmentwide Federal Human Capital Reform,* (December 2004), 6-7.

[3] U.S. General Accounting Office, Report to the Ranking Minority Member, Subcommittee on Readiness, Committee on Armed Services, House of Representatives; *DOD Civilian Personnel – Comprehensive Strategic Workforce Plans Needed,* (June 2004), 7.

[4] U.S. Office of Personnel Management, *5 Step Workforce Planning Model*, (April 2002).

[5] U.S. Office of Personnel Management.

[6] U.S. Office of Personnel Management.

[7] U.S. Office of Personnel Management.

[8] International Personnel Management Association, *Workforce Planning Resource Guide for Public Sector Human Resource Professionals*, (2002), 16-17, 23-25.

[9] International Personnel Management Association, 26.

[10] International Personnel Management Association, 27.

[11] U.S. Office of Personnel Management.

[12] Washington Department of Personnel, *State of Washington Workforce Planning Guide*, (December 2000), 11-12.

[13] Washington Department of Personnel, 13.

[14] Washington Department of Personnel, 13.

[15] Washington Department of Personnel, 13.

[16] International Personnel Management Association, 30.

[17] International Personnel Management Association, 30.

[18] U.S. Office of Personnel Management.

Exhibit A - Workforce Planning Definitions

1. **Workforce planning** – the strategic alignment of an organization's human capital with its business direction. It is a methodical process of analyzing the current workforce; determining workforce needs; identifying the gap between the present and the future; and implementing solutions so the organization can accomplish its mission, goals, and objectives.
2. **Strategic staffing** – addressing the staffing implications of strategic and operational plans. Similar to workforce planning, this approach also considers other human resource activities such as employee classification and development.
3. **Shared vision** – the mission, vision for the future, core values, goals and objectives, and strategies that define the organization's direction and expectations for itself and its people.
4. **Human capital** – simply stated, "people" and their competencies. Human capital embodies two key principles. First, people are assets whose value can be enhanced through investment. Like any investment, the goal is to maximize value while minimizing risk. As the value of organization's people increases so does the performance capacity of the organization and, therefore, its value to clients and other stakeholders. Second, all human capital policies and practices should be designed, implemented, and assessed against the standard of how well employees help the organization achieve its shared vision.
5. **Supply** – a forecast of the future staffing availability, based on current staff and trend data.
6. **Demand** – a determination of future staffing requirements through strategic and operational planning.
7. **Gap analysis** – a review, calculation, and analysis of the difference between current and future supply and demand of human capital in the organization.
8. **Competencies** – knowledge, skills, abilities, attitudes, and behaviors necessary to perform a job.
9. **Succession planning** – the process of pinpointing key needs for intellectual talent and leadership throughout the organization over time; and preparing people for present and future work responsibilities.
10. **Talent management** – the ongoing effort of succession planning that covers all positions within an organization.
11. **Efficiency** – a measure of the success of strategic workforce plans based on time, speed, cost, and volume.
12. **Effectiveness** – a measure of the success of strategic workforce plans based on achieving desired results.

Source: International Personnel Management Association Workforce Planning Guide for Public Sector Human Resource Professionals

Exhibit B
Selected State Employee Demographic Data

Exhibit B depicts various State employee demographic data. These data do not include legislative branch employees.

State of Maryland Workforce by Age – Table 1 (as of June 30, 2004)										
Age	14 - 24	25 - 29	30 - 34	35 - 39	40 - 44	45 - 49	50 – 54	55 – 59	60 and Over	Totals
Number of Employees	1,665	4,832	7,603	9,608	11,756	13,244	12,963	10,155	7,221	79,047
% of Total Workforce	2.1%	6.1%	9.6%	12.2%	14.9%	16.8%	16.4%	12.8%	9.1%	100.0%

State of Maryland Workforce By Age - Chart 1
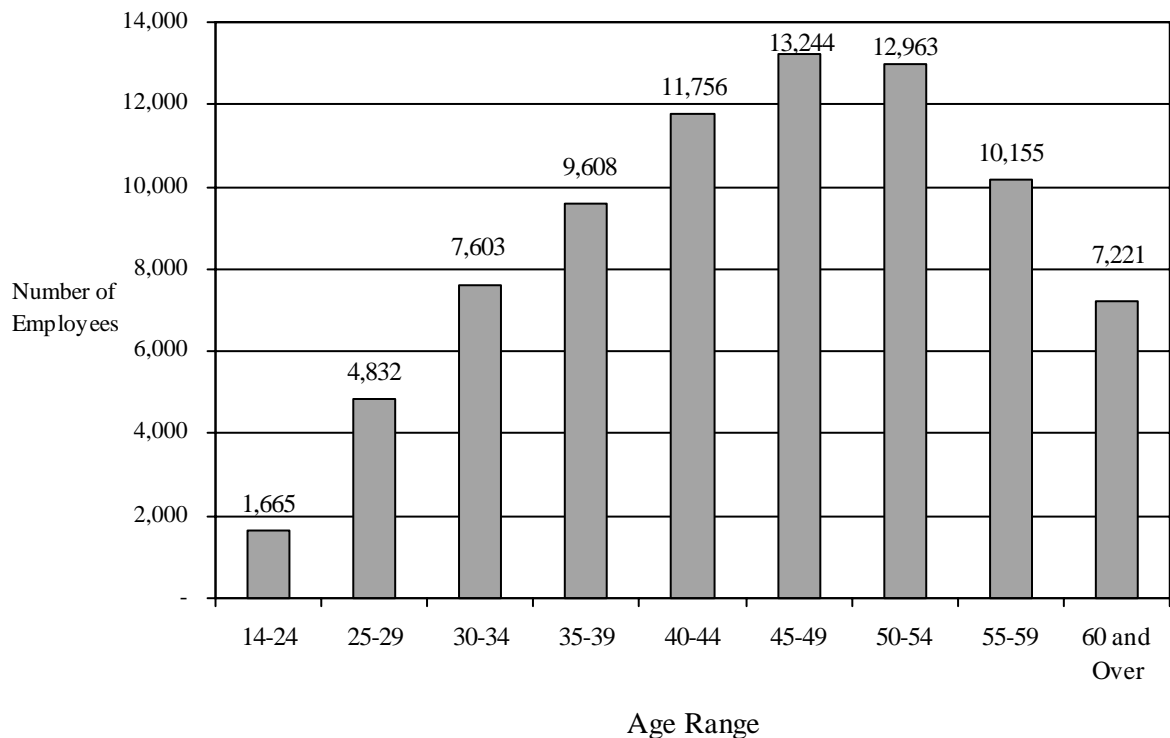
Source: DBM, MDOT, and USM automated employee records

<p style="text-align:center">Exhibit B
Selected State Employee Demographic Data</p>

State of Maryland Workforce by Years of Service – Table 2 As of June 30, 2004							
Years	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30 and Over**	**Totals**
Number of Employees	23,292	16,300	10,468	10,457	7,159	6,228	5,143	79,047
% of Total Workforce	29.5%	20.6%	13.2%	13.2%	9.1%	7.9%	6.5%	100.0%

Note:

Retirement options vary depending on age and retirement system, but generally range from 20 to 30 years. As of June 30, 2004, 12 percent of the State government's workforce was eligible for retirement; see Exhibit B, Table 4.

State of Maryland Workforce By Years of Service - Chart 2
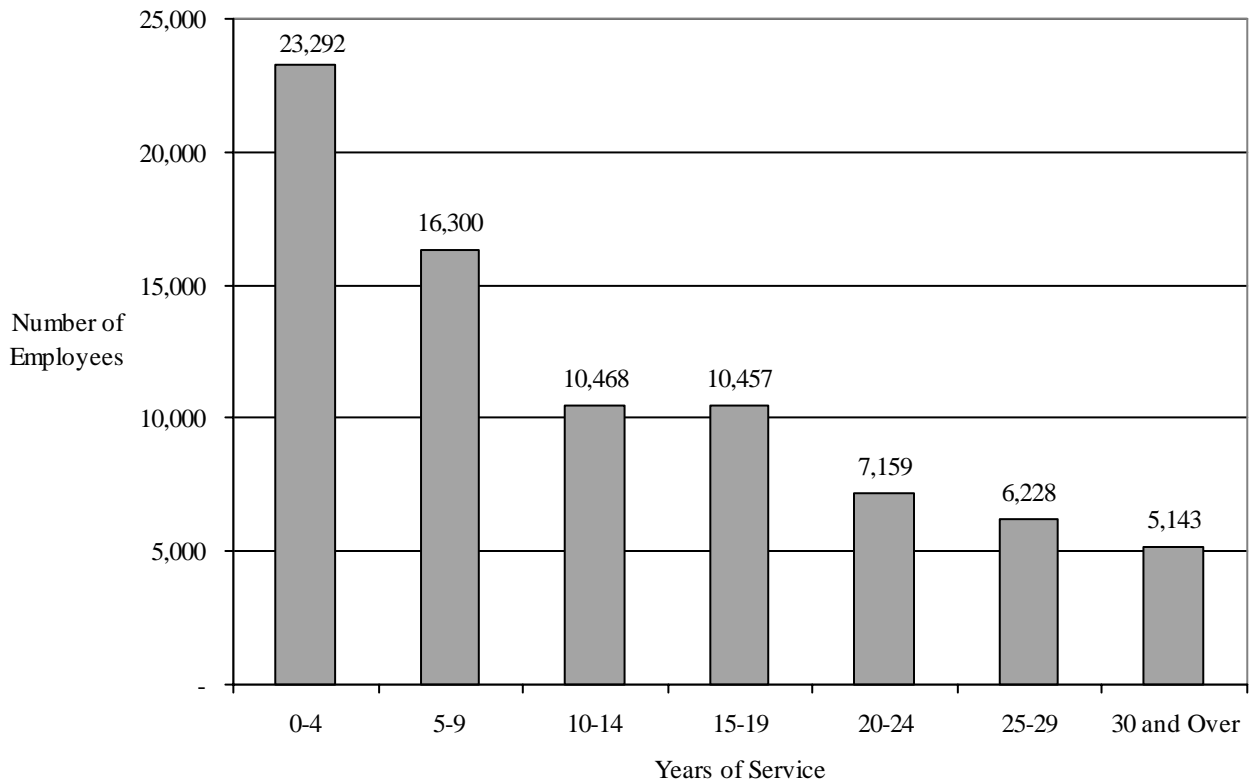
Source: DBM, MDOT, and USM automated employee records

<div style="text-align:center">33</div>

Exhibit B
Selected State Employee Demographic Data

State of Maryland Workforce By Agency – Table 3 (as of June 30, 2004)			
Agency	**Number of Employees**	**Average Age**	**Average Years of Service**
Department of Public Safety and Correctional Services	10,501	41.4	10.6
Department of Health and Mental Hygiene	10,207	46.9	12.9
Department of Human Resources	6,819	47.0	13.9
State Police	2,332	39.3	12.3
Department of Juvenile Services	1,700	43.3	10.4
Department of Labor, Licensing, and Regulation	1,538	49.4	15.7
Department of Natural Resources	1,330	45.1	15.5
State Department of Education	1,301	47.9	14.1
Office of the Comptroller	1,040	47.9	16.3
Department of the Environment	890	47.0	14.6
Morgan State University	890	49.4	12.1
Office of the Public Defender	839	43.3	9.5
Department of General Services	640	48.2	12.7
Department of Assessments and Taxation	633	47.6	17.5
MD Automobile Insurance Fund	539	44.0	9.1
Baltimore City Community College	493	47.4	8.7
Department of Budget and Management	429	46.2	13.3
Department of Agriculture	412	47.5	14.2
St Mary's College of Maryland	369	44.7	8.4
Department of Housing and Community Development	361	48.5	12.4
School for the Deaf	322	45.9	11.9
Military Department	306	45.8	9.6
Department of Business and Economic Development	287	45.9	9.5
MD Insurance Administration	286	45.4	10.3
Office of the Attorney General	215	47.3	12.0
Maryland Public Broadcasting Commission	179	45.7	11.6
State Retirement and Pension Systems	169	46.2	13.1
State Lottery Agency	167	47.4	12.2
State Board of Election Laws	158	50.5	9.8
Office of Administrative Hearings	124	48.3	13.3
Public Service Commission	124	47.3	11.5
Workers' Compensation Commission	122	46.6	14.9
Maryland Office of Planning	116	43.8	12.7
Property Tax Assessments Appeal Board	105	64.9	7.6
Maryland Institute for Emergency Medical Services	91	45.7	13.7
Office of the Governor	84	40.8	4.2
Maryland Higher Education	74	47.6	11.0
Maryland Stadium Authority	72	45.9	8.3
Boards, Commissions, and Offices	71	46.1	6.1
Department of Veterans Affairs	61	52.8	11.4
Department of Aging	54	49.9	10.7
Office for Children, Youth, and Families	48	43.4	3.9
Commission on Human Relations	46	49.1	18.6

Exhibit B
Selected State Employee Demographic Data

State of Maryland Workforce By Agency – Table 3 (as of June 30, 2004)			
Agency	**Number of Employees**	**Average Age**	**Average Years of Service**
Office of the State Treasurer	45	47.8	10.2
State Archives	45	46.7	12.6
Historic St Mary's City Commission	34	44.1	8.1
Secretary of State	32	39.8	4.9
Maryland Food Center Authority	28	45.2	7.2
Subsequent Injury Fund	20	54.0	19.1
Maryland Energy Administration	19	46.8	9.2
Committee for Public School Construction	17	40.1	6.8
Office of the People's Counsel	17	44.3	12.1
Office for Individuals with Disabilities	14	39.2	6.7
Uninsured Employers' Fund	14	55.1	16.1
Board of Public Works	9	54.0	13.3
Office of the State Prosecutor	9	47.6	11.1
Maryland Tax Court	8	55.6	20.6
Maryland State Board of Contract Appeals	5	53.6	14.6
Canal Place Preservation and Development Authority	4	44.5	9.0
Office of the Deaf and Hard of Hearing	2	46.0	9.5
Judiciary	3,150	44.4	10.6
Maryland Transit Administration	3,118	45.8	13.6
State Highway Administration	3,070	46.0	17.6
Motor Vehicle Administration	1,567	47.5	12.8
Maryland Transportation Authority	1,420	42.6	11.4
Maryland Aviation Administration	509	45.5	10.7
Department of Transportation Office of the Secretary	328	47.8	16.7
Maryland Port Authority	281	47.6	14.4
USM – University of Maryland, College Park	7,064	45.7	10.3
USM – University of MD, Baltimore	3,952	45.9	9.3
USM – University of MD, Baltimore County	1,716	45.7	9.1
USM – Towson University	1,495	47.5	12.0
USM – Salisbury State University	724	47.8	11.4
USM – University of MD, University College	649	44.0	6.5
USM – Frostburg State University	604	49.4	13.9
USM – University of MD, Eastern Shore	590	47.2	8.2
USM – University of Baltimore	469	48.0	12.0
USM – Bowie State University	396	49.7	11.2
USM – University of Maryland Biotechnology Institute	394	40.9	4.3
USM – Coppin State University	347	49.1	12.5
University of MD Center for Environmental Science	251	44.1	10.3
University System of Maryland Offices	87	49.2	12.9
Totals	**79,047**	**45.5**	**12.1**

Source: DBM, MDOT, and USM automated employee records

Exhibit B
Selected State Employee Demographic Data

| Department/Agency | Total Employees | Retirement Eligibility | | | | | |
| | | As of 6/30/2004 | | As of 6/30/2009 | | As of 6/30/2014 | |
		Number Eligible	Percent Eligible	Number Eligible	Percent Eligible	Number Eligible	Percent Eligible
Department of Public Safety and Correctional Services	*10,501*	*1,236*	*11.8*	*3,018*	*28.7*	*5,030*	*47.9*
Department of Health and Mental Hygiene	*10,207*	*1,190*	*11.7*	*3,041*	*29.8*	*4,899*	*48.0*
USM – University of Maryland, College Park	*7,064*	*746*	*10.6*	*1,643*	*23.3*	*2,704*	*38.3*
Department of Human Resources	*6,819*	*864*	*12.7*	*2,030*	*29.8*	*3,237*	*47.5*
USM – University of Maryland, Baltimore	3,952	356	9.0	844	21.4	1,434	36.3
Judiciary	3,150	343	10.9	790	25.1	1,267	40.2
Maryland Transit Administration	3,118	413	13.2	816	26.2	1,326	42.5
State Highway Administration	*3,070*	*521*	*17.0*	*1,080*	*35.2*	*1,592*	*51.9*
State Police	2,332	228	9.8	663	28.4	1,203	51.6
USM – University of Maryland, Baltimore County	1,716	174	10.1	349	20.3	606	35.3
Department of Juvenile Services	1,700	165	9.7	390	22.9	639	37.6
Motor Vehicle Administration	*1,567*	*220*	*14.0*	*488*	*31.1*	*740*	*47.2*
Department of Labor, Licensing, and Regulation	1,538	264	17.2	668	43.4	911	59.2
USM – Towson University	*1,495*	*202*	*13.5*	*436*	*29.2*	*713*	*47.7*
Maryland Transportation Authority	1,420	138	9.7	368	25.9	580	40.8
Department of Natural Resources	1,330	169	12.7	432	32.5	692	52.0
State Department of Education	1,301	192	14.8	443	34.1	691	53.1
Office of the Comptroller	1,040	174	16.7	410	39.4	612	58.8
Department of Environment	890	102	11.5	267	30.0	429	48.2
Morgan State University	890	189	21.2	309	34.7	449	50.4
Office of the Public Defender	839	59	7.0	139	16.6	254	30.3
USM – Salisbury University	724	91	12.6	204	28.2	322	44.5
USM – University of MD, University College	649	41	6.3	123	19.0	202	31.1
Department of General Services	640	98	15.3	234	36.6	345	53.9
Department of Assessments and Taxation	*633*	*108*	*17.1*	*251*	*39.7*	*364*	*57.5*
USM – Frostburg State University	604	92	15.2	207	34.3	327	54.1
USM – University of Maryland, Eastern Shore	590	62	10.5	146	24.7	227	38.5
Maryland Automobile Insurance Fund	539	48	8.9	106	19.7	171	31.7
Maryland Aviation Administration	509	34	6.7	122	24.0	208	40.9
Baltimore City Community College	493	52	10.5	111	22.5	194	39.4

Table title: **State of Maryland Workforce Eligibility for Retirement – Table 4 / Based on Years of Service as of June 30, 2004**

Exhibit B
Selected State Employee Demographic Data

		Retirement Eligibility					
State of Maryland Workforce Eligibility for Retirement – Table 4							
Based on Years of Service as of June 30, 2004							

Department/Agency	Total Employees	As of 6/30/2004		As of 6/30/2009		As of 6/30/2014	
		Number Eligible	Percent Eligible	Number Eligible	Percent Eligible	Number Eligible	Percent Eligible
USM – University of Baltimore	469	51	10.9	142	30.3	224	47.8
Department of Budget and Management	429	63	14.7	146	34.0	209	48.7
Department of Agriculture	412	53	12.9	122	29.6	199	48.3
USM - Bowie State University	396	90	22.7	144	36.4	217	54.8
USM – University of Maryland, Biotechnology Institute	394	12	3.0	27	6.9	66	16.8
St Mary's College of Maryland	369	16	4.3	64	17.3	121	32.8
Department Housing and Community Development	361	45	12.5	109	30.2	186	51.5
USM - Coppin State University	347	67	19.3	123	35.4	189	54.5
Department of Transportation – Office of the Secretary	*328*	*63*	*19.2*	*128*	*39.0*	*181*	*55.2*
School for the Deaf	322	29	9.0	87	27.0	128	39.8
Military Department	306	37	12.1	83	27.1	136	44.4
Department of Business and Economic Development	287	32	11.1	66	23.0	109	38.0
Maryland Insurance Administration	286	36	12.6	81	28.3	121	42.3
Maryland Port Authority	281	39	13.9	81	28.8	148	52.7
USM – University of Maryland, Center for Environmental Science	251	22	8.8	52	20.7	93	37.1
Office of the Attorney General	215	23	10.7	52	24.2	84	39.1
Maryland Public Broadcasting Commission	179	15	8.4	37	20.7	77	43.0
State Retirement and Pension Systems	169	19	11.2	45	26.6	73	43.2
State Lottery Agency	167	22	13.2	51	30.5	77	46.1
State Board of Elections	158	27	17.1	63	39.9	87	55.1
Office of Administrative Hearings	124	18	14.5	44	35.5	59	47.6
Public Service Commission	124	7	5.6	33	26.6	59	47.6
Workers' Compensation Commission	122	19	15.6	39	32.0	59	48.4
Department of Planning	116	14	12.1	26	22.4	48	41.4
Property Tax Assessments Appeal Board	105	72	68.6	88	83.8	94	89.5
Maryland Institute for Emergency Medical Services	91	6	6.6	24	26.4	36	39.6
University System of Maryland Offices	*87*	*16*	*18.4*	*29*	*33.3*	*46*	*52.9*
Office of the Governor	84	4	4.8	12	14.3	19	22.6
Maryland Higher Education Commission	74	7	9.5	23	31.1	36	48.6
Maryland Stadium Authority	72	4	5.6	12	16.7	20	27.8

Department/Agency	Total Employees	Retirement Eligibility					
		As of 6/30/2004		As of 6/30/2009		As of 6/30/2014	
		Number Eligible	Percent Eligible	Number Eligible	Percent Eligible	Number Eligible	Percent Eligible
Boards, Commissions, and Offices	71	11	15.5	19	26.8	26	36.6
Department of Veterans Affairs	61	11	18.0	27	44.3	41	67.2
Department of Aging	54	8	14.8	18	33.3	25	46.3
Office for Children, Youth and Families	48	1	2.1	2	4.2	11	22.9
Commission on Human Relations	46	13	28.3	21	45.7	30	65.2
Office of the State Treasurer	45	4	8.9	9	20.0	18	40.0
State Archives	45	7	15.6	14	31.1	19	42.2
Historic St Mary's City Commission	34	2	5.9	5	14.7	10	29.4
Secretary of State	32	2	6.3	5	15.6	9	28.1
Maryland Food Center Authority	28	3	10.7	6	21.4	13	46.4
Subsequent Injury Fund	20	7	35.0	12	60.0	16	80.0
Maryland Energy Administration	19	2	10.5	5	26.3	9	47.4
Committee on Public School Construction	17	1	5.9	1	5.9	5	29.4
Office of the People's Counsel	17	1	5.9	2	11.8	5	29.4
Office for Individuals with Disabilities	14	1	7.1	2	14.3	3	21.4
Uninsured Employers' Fund	14	3	21.4	6	42.9	10	71.4
Board of Public Works	9	4	44.4	5	55.6	6	66.7
Office of the State Prosecutor	9	1	11.1	1	11.1	4	44.4
Maryland Tax Court	8	2	25.0	5	62.5	8	100.0
Maryland State Board of Contract Appeals	5	3	60.0	3	60.0	3	60.0
Canal Place Preservation and Development Authority	4	0	0.0	2	50.0	2	50.0
Office of the Deaf and Hard of Hearing	2	0	0.0	0	0.0	0	0.0
Total	**79,047**	**9,586**	**12.1%**	**22,331**	**28.3%**	**35,842**	**45.3%**

Source: DBM, MDOT, and USM automated employee records

Agencies in italics selected for review

Exhibit B
Selected State Employee Demographic Data

Average Retirement Ages of State Employees Who Retired Between 1995 to 2004 – Table 5	
Retirement System	**Average Retirement Age**
Employees' Retirement System	58
Employees' Pension System*	61
Teachers' Pension System	63
Correctional Officers' Retirement System	49
State Police Retirement System	49
Law Enforcement Retirement & Pension	53

Source: Maryland State Pension and Retirement Systems

* The majority of active State employees are members of the Employees' Pension System.

Exhibit C
Average Salary Comparison
State and Local Governments – Selected Positions

Position	Government/Subdivision							
	State of Maryland	Anne Arundel	Baltimore City	Baltimore	Fairfax Virginia	Howard	Montgomery	Prince George's
Accountant Journey	42,384	57,142	44,383	50,043	56,529	50,112	60,219	50,781
Real Estate Appraiser	38,886	N/A	57,700	49,873	48,390	59,495	73,661	N/A
Corrections Private	35,472	35,701	N/A	35,192	54,241	32,516	46,383	35,054
Corrections Sergeant	46,725	47,280	N/A	44,404	65,889	51,950	64,014	53,596
Public Nurse	47,940	N/A	49,818	42,964	52,374	N/A	63,094	43,578
Automated Systems Specialist	48,698	67,252	51,775	44,983	N/A	46,041	69,504	62,707
Programmer-Analyst	50,692	60,854	47,354	49,182	N/A	59,686	82,694	N/A
Systems Analyst	56,968	75,067	67,079	51,940	69,592	N/A	82,694	62,708
Social Worker	45,046	N/A	48,288	44,942	48,566	55,383	48,430	51,711
Police Officer Entry	38,849	N/A	35,434	36,681	41,432	35,003	39,542	37,258
Police Sergeant	64,341	61,463	63,354	65,965	71,206	68,630	77,060	62,762
Account Clerk (A/P, A/R)	29,144	36,286	26,332	26,148	32,258	30,535	36,924	29,381
Secretary	30,385	30,371	27,478	33,877	32,258	28,441	37,056	36,588
Carpenter	30,004	N/A	27,982	33,686	38,162	41,544	41,112	42,326
Custodian	24,140	24,443	N/A	22,287	30,623	N/A	26,971	28,545

Source: Local Government Personnel Association 2002/2003 salary survey.
N/A – Data not available for this position.

Notes:
1. Positions were selected based on the number of State employees occupying positions.
2. The average salary figures could be materially impacted by any actions taken since the information was obtained (such as the State's annual salary review process).

Exhibit D
Comparison of Cost of Living Adjustments (COLA)
for State, Federal, and Local Governments

Fiscal Year	State of Maryland	Federal	Local Jurisdiction					
			Anne Arundel	Baltimore City	Baltimore	Harford	Howard	Montgomery
1997	-	3.33%	-	-	-	2.0%	-	2.0%
1998	-	2.45%	-	3.5%	-	1.5%	-	2.7%
1999	$1,275	3.68%	-	3.5%	3.0%	2.0%	2.0%	2.0%
2000	$1,275	4.94%	3.0%	4.0%	2.0%	1.0%	3.4%	2.6%
2001	4.0%	3.81%	2.0%	3.0%	2.0%	1.0%	3.6%	2.0%
2002	4.0%	4.77%	6.0%	3.0%	3.0%	3.0%	3.8%	3.25%
2003	-	4.27%	2.67%	3.0%	-	1.0%	-	3.5%
2004	-	4.42%	-	-	-	-	4.0%	2.88%

Source: Department of Budget and Management, Local Government Personnel Association Benchmark Salary and Comprehensive Benefits Survey, US Office of Personnel Management

Notes:
1. The above schedule does not reflect the actual start date of the COLA. COLAs may have been effective at some date other than the beginning of the fiscal year.
2. Maryland State employees received flat amount raises in fiscal year 1999 and 2000 rather than percentage increases.
3. Federal COLA increases are payable beginning January 1 and are based on the COLA for the Washington-Baltimore locality pay area.

Exhibit E
Listing of Recruiting and Retention Actions Taken by State Agencies Reviewed

Agency Recruiting and Retention Programs						
Action	**Agency**					
	DHMH	**DPSCS**	**DHR**	**DAT**	**MVA**	**SHA**
Flexible work schedules	✓	✓	✓	✓	✓	✓
Streamlined testing/hiring process	✓	✓	✓		✓	✓
Analyze exit interviews					✓	✓
Tuition Reimbursement	✓		✓		✓	✓
Referral Bonuses	✓		✓			
Hiring Bonus	✓		✓			
Training Programs	✓	✓	✓		✓	✓
Succession Plan			✓		*	*
Mentor Program			✓		✓	✓
Internet job announcements	✓	✓	✓	✓	✓	✓
Employee assistance/wellness	✓	✓	✓	✓	✓	✓
Awards/Recognition Program	✓	✓	✓	✓	✓	✓

Agencies

DHMH – Department of Health and Mental Hygiene

DPSCS – Department of Public Safety and Correctional Services

DHR – Department of Human Resources

SDAT – State Department of Assessments and Taxation

MVA – Maryland Department of Transportation - Motor Vehicle Administration

SHA – Maryland Department of Transportation – State Highway Administration

Key

✓ Agency has implemented this action for all or a portion of its employees

* Agency is in the process of implementing this action

Note:

1. This list is not intended to be a comprehensive list of actions taken by State agencies. Rather, it serves as examples of what State agencies have implemented.

Exhibit F
Industry Recommended Recruiting and Retention Practices

Retention and Recruiting Technique	Description
Flexible work schedules	Alternative work schedules to replace the traditional 8 hour/day, 40 hour/week.
Telecommuting	Performing job duties from a site other than the normal office location, usually from home or a location closer to the employee's home.
Awards program	Cash or other awards (such as time off) based on some objective determination of job related performance.
Streamlined hiring process	Generally a delegation of the hiring process to an agency instead of a centralized state-wide process.
Employee assistance/wellness programs	Free, confidential counseling and referral services for employees experiencing either job or personal related difficulties.
Exit interviews	Conducting standardized interviews of employees leaving an organization to determine the cause(s).
Deferred retirement programs	Employees continue to work full-time and receive full pay after official date of retirement for a specified period. Retirement amount is fixed and placed in some form of interest bearing account until the end of the specified period.
Rehire after retirement	Allowing retired workers to continue working on a reduced schedule for an unspecified time after retirement.
Retiree pools, job sharing	A pool of retired staff considered for use on a temporary basis as needed. Job sharing includes assigning the roles and responsibilities of a single position to two or more employees.
Part-time or part-year work	Shorter work hours or seasonal employment.
Formal succession and leadership development plans	Long-term training curriculums designed to provide potential and existing management employees with appropriate training needed to operate a specific entity.
Marketing on the internet	Posting of jobs on the internet.

Exhibit F
Industry Recommended Recruiting and Retention Practices

Retention and Recruiting Technique	Description
Partnerships with high schools and colleges	Working with educational institutions to develop programs designed to provide specific job related educational opportunities.
Career change programs	Providing educational opportunities to existing staff who express an interest for a different job or skill set within an agency.
Increase pay for superior/special qualifications	Permanent pay incentives for objectively determined superior job performance.
Salaries comparable to the private sector	Increasing the salary structure with the purpose of making jobs more desirable.
Transportation subsidies	A program to encourage the use of mass transportation by subsidizing employee cost of bus, rail, etc.
Child care assistance	On-site or near-site child care centers. May also include subsidies for lower income employees.
Retention, recruiting, and relocation bonuses	Bonuses paid to the applicable employee for staying in a critical job, taking a hard to fill position or moving to a different commuting area with a history of hard to fill jobs.
Tuition assistance, student loan repayment plans	Subsidies or other payments to encourage employees to return to school and/or pursue additional education.
Change retirement / pension plans to address expected increase in retirees	Studies and programs to modify existing retirement structures to encourage additional savings for retirement (such as 401 (k) plans).
Employee referral plans	Use of existing staff to locate and refer prospective employees. Usually involves payment to the referring employee.

Source: US Government Accountability Office, Segal Company, Government Finance Review

Note:
This is a partial list of recruiting and retention techniques available for use by agencies in conjunction with workforce planning. This is not intended to be a list of recommended actions.

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MARYLAND

DEPARTMENT OF
BUDGET & MANAGEMENT

ROBERT L. EHRLICH, JR.
Governor

MICHAEL S. STEELE
Lieutenant Governor

JAMES C. DIPAULA, JR.
Secretary

CECILIA JANUSZKIEWICZ
Deputy Secretary

January 3, 2005

Mr. Bruce A. Myers, CPA
Legislative Auditor
Department of Legislative Services
Office of Legislative Audits
301 West Preston Street, Room 1202
Baltimore, MD 21201

Dear Mr. Myers:
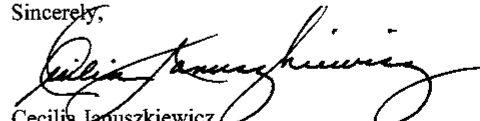
The Department of Budget and Management has reviewed your draft performance audit report on State Workforce Planning. As requested, attached are our responses to issues that were identified in the report.

Although the Department has not issued any formal policy or guidance, the Department has taken steps towards utilizing best practices and developing formal workforce planning policy and guidelines. In August 2003, DBM established a Workforce Planning Task Force. The specific objective of this task force was to review best practices to provide recommendations for a workforce planning model for Maryland. In addition, as noted by the auditors, several agencies have already taken steps to enhance their workforce planning efforts.

The auditors noted in their Background Information that, as of June 30, 2004, 12% of the employees in State service are eligible to retire. In five years, it is estimated that this percentage will increase to 28%. This fact, along with factors such as increased reliance on technology and a trend toward delayed retirement, provides time to prepare and implement a plan to adequately address workforce planning for Maryland government.

If you have any questions or need additional information, you may contact Ms. Andrea Fulton, Executive Director, Office of Personnel Services and Benefits at 410-260-6365 or via email at afulton@dbm.state.md.us or me at 410-260-7042.

Sincerely,

Cecilia Januszkiewicz
Deputy Secretary

cc: The Honorable James C. DiPaula, Jr.
        Andrea M. Fulton, Executive Director, DBM Office of Personnel Services and Benefits
        Joan Peacock, Compliance Auditor, DBM

Department of Budget and Management Response
to
State Workforce Planning Performance Audit
January 2005

Recommendation
To help ensure that State agencies employ competent and skilled workforces to accomplish their missions and to serve the citizens of Maryland, we recommend that the State develop and implement a formal workforce planning process.

DBM Response
DBM has taken steps to develop and implement workforce planning. In August 2003, as stated by the auditors, DBM established a Workforce Planning Task Force. The specific objective of this task force was to review best practices to provide recommendations for a workforce planning model for Maryland. This task force has also served to:
- raise awareness among participating agencies as to the importance of formal workforce planning efforts;
- educate task force members on the various workforce planning models, processes and available resources to share with their agencies;
- foster support for a formal workforce planning program in Maryland; and
- encourage participating agencies to continue with their existing efforts, and to develop new strategies based on their agency-specific needs.

In addition to forming the workforce planning task force, DBM has worked with agencies to utilize best practices to address workforce planning issues within specific classifications prior to the creation of the task force and continues to do so today. Specifically, DBM has:
- used the Annual Salary Review process to update classification specifications and improve salaries (e.g., recent examples include revamping and upgrading of caseworker and direct care jobs in the Department of Juvenile Services);
- authorized hiring bonuses for very hard to fill jobs such as nurses and social workers;
- streamlined recruitment procedures for hard to fill job classifications (e.g., Streamlined Certification, DHMH Hospital Flexibility Hiring Initiative, DHR Quick Hire Process);
- implemented special outreach and employment programs to facilitate targeted recruitments and to promote careers in State service (e.g., college recruitment, on campus interviewing, job fairs, internships and work studies);

Developing and implementing a workforce planning model is an extensive process that will take time to implement to ensure success. DBM, through the implementation of the Workforce Planning Task Force, has already identified and evaluated several acceptable frameworks to guide agencies. As noted by the auditors, several agencies have already taken steps to increase their workforce planning efforts.

The auditors noted in their Background Information that, as of June 30, 2004, 12% of the employees in State service are eligible to retire. In five years, it is estimated that this percentage will increase to 28%. This fact, along with factors such as increased reliance on technology and a trend toward delayed retirement, provides time to prepare and implement a plan to adequately address workforce planning for Maryland government.

Best Practices

Recommendation
To help ensure that State agencies have the proper workforces to meet their needs, we recommend that DBM and other agencies with independent personnel authority adopt and use the following best practices to develop and implement workforce planning.

DBM Response
DBM has taken steps to utilize best practices to develop and implement workforce planning. In August 2003, as stated by the auditors, DBM established a Workforce Planning Task Force. The specific objective of this task force was to review best practices to provide recommendations for a workforce planning model for Maryland.

DBM does agree with the Best Practices noted by the auditors, specifically:
    (1) Set a Strategic Direction;
    (2) Analyze workforce, identify skill gaps, and conduct workforce analysis;
    (3) Develop Action Plan;
    (4) Implement the Action Plan; and
    (5) Monitor, evaluate, and revise the workforce plan.
DBM has taken steps to utilize best practices to develop and implement workforce planning.

In accordance with Best Practice 1, the Department, at the direction of the Governor, required all agencies to review their operations as part of the fiscal year 2006 Strategic Budgeting Initiative. This step is critical in planning a workforce planning program for Maryland. Formal workforce planning efforts should be linked to updated and realistic strategic plans resulting from the recent budgeting process.

Using the results from the Strategic Budgeting process, DBM and agency management will be able to review current staffing resources, future needs and workforce demographics. With this information, DBM and agencies can then develop strategies and identify resource needs to ensure that the necessary workforce will be in place to staff the State's critical priorities.

Realizing that this is an extensive process, DBM advised agencies to continue with any existing and future workforce planning initiatives and not to wait for DBM to issue a formal model. Regardless of the model and strategies recommended by the task force, there are many acceptable approaches that can be implemented to meet the unique issues facing each agency. Thus, successful workforce planning strategies utilized by the agencies would be of value to the State even if they are not identical to a recommended model.

While DBM has not yet taken any specific actions to implement a workforce planning model for the State, it has addressed specific staffing issues and critical human capital needs. For example, DBM has initiated several of the "Industry Recommended Recruiting and Retention Practices" noted in Exhibit F (e.g., transportation subsidies, recruiting and retention bonuses, tuition assistance, employee referral plans).

Effective communication with agency management, staff and other partners will be important to successfully implement a workforce-planning model for the State. To assist with this effort DBM has:

- designed and implemented a Workforce Planning Task Force web page for personnel officers to share existing resources and assessment tools identified by the group;

- made existing agency employment data available on the web page; and

- made several formal presentations on workforce planning during calendar year 2003 (meetings of the Personnel Advisory Council, Agency Personnel Management Group, and the Recruitment and Examination Agency Group).

Other Workforce Issues - Issue 1
DBM has not monitored or evaluated actions previously taken to address workforce issues.

Recommendation
We recommend that the State develop and use performance measures to determine the effectiveness of actions taken to address workforce needs. We also recommend that the State use the results of these measurements to implement, revise or discontinue the actions taken to address workforce issues.

DBM Response
DBM agrees to review the effectiveness of actions taken to address workforce issues, in order to determine whether to implement, revise or discontinue the actions taken. There are inherent difficulties in measuring the success of recruitment and retention strategies in order to determine if they are successful because there are so many variables in accepting a position or remaining in a position. In addition, the variety of positions, locations and working conditions for State positions make this even more difficult to develop a measure to determine the effectiveness of a strategy on a statewide basis.

Other Workforce Issues - Issue 2
State agencies did not formally consider workforce planning needs when abolishing positions.

Recommendation
We recommend that, in the future, the State formally consider workforce planning as part of determining positions to be abolished.

DBM Response
Although there was no evidence of formal workforce planning considerations when selecting positions for abolition, efforts were made to limit the number of employees who were laid-off or separated by targeting less critical vacant positions whenever possible. This was possible because DBM successfully implemented a formal hiring exemption process in October 2001, which required agencies to identify mission critical positions and provide justification for filling all vacant positions.

Over time, this process itself effectively created a pool of vacant positions that was most appropriate for elimination in fiscal years 2004 and 2005. Moreover, decisions about the specific positions to be abolished were made by the agencies that could consider and ensure that the remaining workforce would have the necessary skills and competencies to accomplish the agency's mission. Furthermore, the ability to consider workforce-planning issues in job abolitions is sometimes restricted by the direction of the General Assembly to abolish positions from specific job categories.

Maryland Department of Transportation
The Secretary's Office

January 5, 2005

Mr. Bruce A. Myers, CPA
Legislative Auditor
Office of Legislative Audits
Department of Legislative Services
Room 1202
301 West Preston Street
Baltimore MD 21201

Dear Mr. Myers:

Enclosed please find the Department's response to the draft Legislative Auditor's Report dated December 15, 2004 for the Department of Transportation – State Workforce Planning. Additionally, an electronic version of this document has been sent to your office via e-mail (file name: MyersDec152004) to response@ola.state.md.us.

If you or your staff have any questions or need additional information, please do not hesitate to contact me or Mr. Frederick P. Rappe, Jr., Chief Financial Officer. Mr. Rappe can be reached at 410-865-1035 or 1-888-713-1414.

Sincerely,

Robert L. Flanagan
Secretary

Enclosures
cc: Mr. James C. DiPaula, Secretary, Department of Budget and Management
    Mr. William E. Kirwan, Chancellor, University System of Maryland
    Mr. Joseph J. Lambdin, Director, Office of Audits, MDOT
    Mr. James F. Ports, Jr., Deputy Secretary, MDOT
    Mr. Frederick P. Rappe, Jr., Chief Financial Officer, Office of Finance, MDOT
    Ms. Judith M. Slater, Director, Office of Human Resources

---

Issue 1
DBM has not monitored or evaluated actions previously taken to address workforce issues.

Response:
MDOT is in agreement. Although we have several mechanisms in place to measure the
effectiveness of several of our workforce issues, to include recruitment and retention efforts, we
need to strengthen, structure, and finalize them as part of a formal workforce plan for the
Department. Our plan of action is to see the impact of the FY06 Strategic Budget Report, as
DBM indicated, and partner with DBM as well as our six administrations to develop a formal
workforce plan for the Department that will address our critical staffing and operational needs.
We anticipate beginning this process by March 2005.

**Maryland Department of Transportation
State Workforce Planning
Draft Audit Report Responses
January 2005**

Issue 2
State agencies did not formally consider workforce planning needs when abolishing positions.

Response:
MDOT is in agreement. Although as a whole, our positions are abolished by vacancy, we do consider critical staffing and operational need on a limited basis, i.e. SHA indicated that during the latest downsizing, positions were given up based on strategic priorities to ensure that there was adequate staffing in the most critical areas. Our plan of action is to see the impact of the FY06 Strategic Budget Report, as DBM indicated, and partner with DBM as well as our six administrations to develop a formal workforce plan for the Department that will address our critical staffing and operational needs. We anticipate beginning this process by March 2005.

UNIVERSITY SYSTEM OF MARYLAND

OFFICE OF THE CHANCELLOR

January 3, 2005

1807
University of Maryland,
Baltimore

1856
University of Maryland,
College Park

1865
Bowie State University

1866
Towson University

1886
University of Maryland
Eastern Shore

1898
Frostburg State University

1900
Coppin State College

1925
Salisbury University

1925
University of Baltimore

1925
University of Maryland
Center for Environmental
Science

1947
University of Maryland
University College

1966
University of Maryland,
Baltimore County

1985
University of Maryland
Biotechnology Institute

Mr. Bruce A. Myers, CPA
Legislative Auditor
Office of Legislative Audits
State Office Building
301 West Preston Street, Room 1202
Baltimore, Maryland 21201

<div align="right">Re: Performance Audit – State Workforce
Planning</div>

Dear Mr. Myers:

I have enclosed the University System of Maryland's responses to your draft report covering the examination of State Workforce Planning processes as it relates to the University System of Maryland. Our comments refer to the individual items contained in the report.

Sincerely,

William E. Kirwan
Chancellor

Enclosure

WEK:rlp

cc: Mr. Joseph F. Vivona, Vice Chancellor for Administration
and Finance, USM Office
Mr. James E. Sansbury, Associate Vice Chancellor, USM Office
Mr. David Mosca, Acting Director of Internal Audit, USM Office

RESPONSE TO THE LEGISLATIVE AUDIT REPORT
STATE WORKFORCE PLANNING

Workforce Planning Best Practices and State Agency Implementation

Finding # 1
Agencies responsible for oversight of personnel within the State have generally not addressed workforce planning issues…

While our audit included the University System of Maryland (USM), USM appears to have organizational and employee characteristics that are unique when compared with other State agencies. … While the USM may not face as potentially critical a worker shortage as other State agencies, we believe that USM, like any other State agency, should use these best practices to ensure that it can address workforce needs.

Recommendation #1
To help ensure that the State agencies have the proper workforces to meet their needs, we recommend that DBM and other agencies with independent personnel authority adopt and use the following best practices to develop and implement workforce planning.

1. Set strategic direction
2. Analyze workforce, identify skill gaps, and conduct workforce analysis
3. Develop action plan
4. Implement the action plan
5. Monitor, evaluate, and revise the workforce plan

Response #1
We agree that the USM does not face the same potential workforce shortage issues as other State of Maryland agencies because of the nature of our operations and characteristics of our employees.

We will, however, distribute your "Workforce Planning Best Practices" to each institution and ask that they monitor their workforce needs to ensure they can continue to recruit and retain a competent workforce. The System-wide Human Resource Council will also discuss the report of the Legislative Auditor at its February 2005 meeting.

AUDIT TEAM

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